

**Agency Proposed Budget**

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	2.50	0.00	0.00	2.50	0.00	0.00	2.50	2.50
Personal Services	114,484	35,596	0	150,080	36,612	0	151,096	301,176
Operating Expenses	38,974	3,054	0	42,028	3,113	0	42,087	84,115
<b>Total Costs</b>	<b>\$153,458</b>	<b>\$38,650</b>	<b>\$0</b>	<b>\$192,108</b>	<b>\$39,725</b>	<b>\$0</b>	<b>\$193,183</b>	<b>\$385,291</b>
General Fund	69,041	6,591	0	75,632	7,466	0	76,507	152,139
State/Other Special	84,417	32,059	0	116,476	32,259	0	116,676	233,152
<b>Total Funds</b>	<b>\$153,458</b>	<b>\$38,650</b>	<b>\$0</b>	<b>\$192,108</b>	<b>\$39,725</b>	<b>\$0</b>	<b>\$193,183</b>	<b>\$385,291</b>

**Agency Description**

The Montana Consensus Council is a single program agency attached to the Department of Administration for administrative purposes. The Montana Consensus Council is a public organization that helps citizens and officials build agreement and resolve disputes on natural resource and other public policy issues.

**Agency Highlights**

<b>Montana Consensus Council Major Budget Highlights</b>	
◆	Statewide present law adjustments are the only changes from the base
<b>Major LFD Issues</b>	
◆	Council state special revenue account ability to support operations

**Agency Discussion****Goals & Objectives:**

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

***Funding Change Impact on Fund Balance*****General Fund Added**

The 2005 Legislature injected a component of general fund into the funding mix for the council to address funding stability issues. Prior to the funding change, all funding for the council was through state special revenue derived from fees for services, grants, or donations. The funding change was triggered by advance awareness that an annual private grant of \$50,000 that the council had come to rely on would cease to be available after FY 2006. With the loss of the private grant, the state special revenue was not expected to support the full operations of the council beyond the 2005 biennium.

Council State Special Revenue Fund Balance Projections

After the general fund was added to support the executive director and the loss of the private grant is considered, the remaining non-grant state special revenue is precariously close to not being able to support the operations of the council. The council estimates that revenues for FY 2007 and each year of the 2009 biennium will be \$165,000 per year. The annual amount is more than double the actual revenue of about \$70,000 collected from service fees and seminar registrations in FY 2006 and is not supported by a work plan or other logical basis for projecting revenue based on anticipated work activities. Even with this ambitious estimate of revenue, expenditure of FY 2007 appropriations would need to be kept to more than \$90,000 below full appropriations to prevent the fund from going negative at the end of the 2007 biennium. In order to control FY 2007 expenditures, the council will need to rely less on contracted consensus mediation and more on council staff, which is now filled to the full authorized level provided for with funding of the 2005 Legislature. Vacancies in FY 2006 may have impacted the ability of the council to provide services and the amount of revenues the office collected.

For the 2009 biennium, the outlook improves, assuming the estimates of revenue come to fruition. Even if the fund balance is fully depleted at the end of FY 2007, the fund would be adequate to support the appropriations requested for the 2009 biennium and revenues would exceed expenditures to allow a fund balance to accumulate for the 2011 biennium.

Montana Consensus Council State Special Revenue Account Balance			
	FY 2007	FY 2008	FY 2009
Beginning Balance	\$34,556	\$0	\$48,524
Revenue Estimates	165,000	165,000	165,000
Budgeted Disbursements	290,171	116,476	116,676
Required Disbursement Reduction	(90,615)	0	0
Ending Balance	\$0	\$48,524	\$96,848

**Funding**

Services of the Montana Consensus Council are funded with general fund and state special revenue funds. State special revenue is derived from fees charged for services and other private grants or donations. Beginning in the 2007 biennium, the executive director position is funded with general fund.

Total Agency Funding 2009 Biennium Executive Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
01 Mt Consensus Council	\$ 152,139	\$ 233,152	\$ 385,291	100.00%
Grand Total	<u>152,139</u>	<u>233,152</u>	<u>385,291</u>	100.00%

**LFD  
ISSUE****Past Revenue Impact on Ability to Expend Appropriations**

The council has been notified that it will no longer receive a \$50,000 annual grant that has been a key factor in financing operations. Without the grant, the FY 2006 revenues from council fees were roughly \$70,000, but may have been impacted by staff vacancies. The portion of the 2009 biennium budget the executive proposes being funded with council fees is about \$116,500 per year or 66 percent above the revenues collected in FY 2006.

The ability of the program to generate revenues from fees may impact the services anticipated in the budget request for the 2009 biennium. About \$97,000 per year or 84 percent of the costs in the 2009 biennium request are for fixed costs of personal services and other costs of just having staff and an office for the council. The FY 2006 level of revenues falls short of even funding the office. Without revenues of at least \$97,000, the office will have trouble paying the staff and bills, let alone providing services to agencies or the public.

The legislature may want to have the executive director provide details of the council work plan for the 2009 biennium including key projects and revenues that would provide the state special revenue at levels adequate to fund appropriations. If a plan is not provided for funding the operations of the council, the legislature may want to consider the following options:

- o Eliminate all funding for the council and request legislation to eliminate it from statute
- o Provide alternate funding to sustain council operations
- o Do nothing and let the revenues generated regulate the actual expenditures below the appropriation

The risk of doing nothing is that the council may reduce operations in ways that do not correspond with legislative priorities.

**Biennium Budget Comparison**

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	2.50	0.00	2.50	2.50	0.00	2.50	2.50	2.50
Personal Services	150,080	0	150,080	151,096	0	151,096	271,521	301,176
Operating Expenses	42,028	0	42,028	42,087	0	42,087	210,596	84,115
<b>Total Costs</b>	<b>\$192,108</b>	<b>\$0</b>	<b>\$192,108</b>	<b>\$193,183</b>	<b>\$0</b>	<b>\$193,183</b>	<b>\$482,117</b>	<b>\$385,291</b>
General Fund	75,632	0	75,632	76,507	0	76,507	137,870	152,139
State/Other Special	116,476	0	116,476	116,676	0	116,676	344,247	233,152
<b>Total Funds</b>	<b>\$192,108</b>	<b>\$0</b>	<b>\$192,108</b>	<b>\$193,183</b>	<b>\$0</b>	<b>\$193,183</b>	<b>\$482,117</b>	<b>\$385,291</b>

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				35,596					36,612
Inflation/Deflation				351					375
Fixed Costs				2,703					2,738
<b>Total Statewide Present Law Adjustments</b>				<b>\$38,650</b>					<b>\$39,725</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$38,650</b>					<b>\$39,725</b>

**LFD  
COMMENT****Base Year Vacancy Rate**

During the base year, the aggregate usage rate for the 2.50 FTE of the council was 75.5 percent or the equivalent of 1.88 FTE. The underutilization of authorized FTE was due exclusively to one position that was authorized at 1.00 FTE but utilized for 37.5 percent of the time. The position that was vacant for a great deal of the base year has been filled, but the impacts of the vacancy account for roughly three-quarters of the statewide present law adjustment for personal services of the council. Adjustments to annualize the pay plan of the 2005 Legislature (HB 447) account for the remaining 24.5 percent of the statewide present law adjustments for personal services. The council provided no pay adjustments outside the pay plan increases and has no vacancy savings applied, due to the exemption for small agencies.